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MILK MARKET INFORMATION
CHATTANOOGA TENNESSEE MARKETING AREA
FEBRUARY 1958

Number 7

Released Pursuant to § 1000.27 (j) and § 1000.85, USDA-AMS
Federal Order No. 100, 3756 Ringgold Rd., Chattanooga 11, Tennessee
J. B. McCroskey, Market Administrator

MARKET SUMMARY FEBRUARY 1958

The Order MINIMUM uniform price payable to producers for milk delivered during February to pool plants located less than 65 miles from City Hall, Chattanooga, Tennessee and distributing milk in Hamilton, Bradley and McMinn Counties Tennessee is \$5.02 per cwt. f.o.b. plants for milk testing 4.0% butterfat. The butterfat differential is 7.1¢ for each one tenth of one percent above or below 4 percent. (Page 3) It is reported by Chattanooga Area Milk Producers' Association that their negotiated premium producer blend price will be \$5.17 for milk testing 4.0% butterfat.

During February 87.8% of total producer milk was priced in Class I at \$5.31 per cwt. with a handler butterfat differential of 7.7¢ and 12.2% was priced in Class II at \$3.16 per cwt. with a butterfat differential of 6.8¢. (Page 3) The percent of producer skim and butterfat priced in Class I was 88.6% and 72.1% respectively.

The daily average deliveries of producer milk during February decreased 6.0% compared with January and decreased 5.4% compared with February 1957. The daily average use of Class I milk increased 1.1% compared with January and increased 4.0% compared with February 1957.

1958 PRODUCER BASE NOTICE

The average daily bases that producers established during the months of September, 1957 through January, 1958 were announced by the Market Administrator on March 1, 1958. If any producer who established a base did not receive a base notice, he should contact the office of the Market Administrator. During the months of March through July, 1958, all Chattanooga area producers will receive settlement for their milk at a base price and an excess price. The milk delivered by each producer above his monthly base will be paid for at the excess price. If base deliveries are less than Class I utilization, the excess price will be increased to the extent excess milk is used in Class I.

MARCH 1958 CLASS I MINIMUM PRICE COMPUTATION INCLUDING SUPPLY-DEMAND ADJUSTMENT

	Mar. '58	Feb. '58	Mar. '57
Basic Formula (See page 4)	\$3.53	\$3.56	\$3.58
Plus (\$ 1000.51 (a)(1))	1.75	1.75	1.75
Supply-Demand Adjustment	.04	.00	.00
Class I Price, 4.0% Butterfat	\$5.32	\$5.31	\$5.33

Per \$ 1000.51 (a)

Supply-Demand Comparison: 1st and 2nd preceding months: January and February	
Supply: Lbs. Producer Milk (Jan. 11,982,730 and Feb. 10,175,106)	22,157,836
Demand: Lbs. Net Class I Milk (Jan. 10,090,242 and Feb. 9,194,239)	19,284,481
Utilization Percentage: Producer milk divided by Class I	115
Standard Utilization Percentage: Range 117-121	117
Net Utiliz. Percentage: Utiliz. % 115 minus Standard Utiliz. % 117	minus 2
Supply-Demand Adjustment: 2 cents x 2 percentage points	plus \$0.04

Since the supply in relation to the demand is less than the desired standard, the price is increased 4 cents per hundredweight (2¢ x 2%).

ORDER AMENDED

The Federal Milk Marketing Order for the Chattanooga Marketing Area was amended effective March 1, 1958. The amended order is based on a hearing held in Chattanooga, December 3-4, 1957. A recommended order was submitted to handlers and producers for exceptions. After slight modifications the recommended order was submitted to producers and approved by more than two-thirds of those voting.

The amendment: (1) changed date of Class price announcement, (2) introduces an adjustment each month which reflects an increase or decrease to the Class I price depending upon the relationship of the supply of producer milk to the demand for Class I milk as it currently varies from a desirable Supply-Demand relationship, (3) provided for a producer butterfat differential based upon class use of butterfat, (4) provides for pricing of other source milk from inventory, (5) permits a division of partnership bases; bases for producers at new plant, and notification of association of its member bases and (6) makes certain clarification and conforming changes.

COMPARISON OF MILK RECEIPTS AND UTILIZATION

	<u>Feb. '58</u>	<u>Jan. '58</u>	<u>Feb. '57</u> <u>1/</u>
Number of Plants (Pool and Non-Pool)	22	22	20
<u>GROSS RECEIPTS (DAILY)</u>			
Producer Milk - Cans	-	275,456	326,303
Producer Milk - Bulk Tank	-	111,083	57,963
Total Producer Milk Pounds	363,397	386,539	384,266
% Feb. '58 compared with:	100.0	94.0	94.6
Other Source Milk Pounds	7,412	7,697	12,839
Other Order Milk Pounds	14,782	13,242	11,425
<u>TOTAL MILK POUNDS</u>	385,591	407,478	408,530
% Feb. '58 compared with:	100.0	94.6	94.4
<u>GROSS UTILIZATION (DAILY)</u>			
Class I Milk Pounds			
Fluid Milk	269,019	271,829	273,195
Buttermilk	37,731	37,794	36,684
Chocolate Milk	6,005	6,221	6,442
Fluid Skim	6,203	6,008	5,434
Fluid Creams	1,941	1,922	1,995
Bulk to Non-Handlers	16,353	9,444	567
Class I Shrinkage	1,379	1,515	1,172
Inventory Reclassification	(943)	(628)	(707)
Overstated Sales	-0-	-0-	-0-
<u>TOTAL CLASS I MILK</u>	337,688	334,105	324,782
% Feb. '58 compared with:	100.0	101.1	104.0
Class II Milk Pounds (Used to Produce)			
Butter	3,810	3,688	2,709
Cottage Cheese	9,501	9,990	7,945
Powder and Condensed Milk	11,914	34,890	44,364
Ice Cream	12,683	15,341	19,948
Inventory Variation	1,927	2,011	1,263
Other	8,068	7,453	7,519
<u>TOTAL CLASS II MILK</u>	47,903	73,373	83,748
% Feb. '58 compared with:	100.0	65.3	57.2
% Producer Milk of Gross Class I	107.6	115.7	118.3
% Producer Skim of Gross Class I Skim	106.7	114.7	117.4
% Producer Bf. of Gross Class I	130.9	142.4	143.5
% Producer Milk Priced in Class I	87.8	81.9	79.4

1/ Revised per audit

SUMMARY OF COMPUTATION OF UNIFORM PRODUCER PRICES FOR FEBRUARY 1958

Based on 22 plant reports prior to audit

	Class %	Milk Pounds	Butterfat Test-%	Cwt. Price @ Test	Value
Gross Class I		9,455,256	3.670		
Less Other Source		518,610	3.731		
Producer Milk Class I	87.8	8,936,646	3.666219	\$5.052989	\$451,567.74
Gross Class II		1,341,283	9.440		
Less Other Source		102,823	0.000		
Producer Milk Class II	12.2	1,238,460	10.223261	7.391817	91,544.70
TOTAL PROD. (Cl. I + Cl. II)	100.0	10,175,106	4.464307		543,112.44
Add unpriced Milk Allocated to Cl. I		121,883		0.29	353.46
Add Overage Value					238.17
Add Inventory Reclass. Value					127.71
Add $\frac{1}{2}$ Producer-Settlement Fund Reserve					5,352.56
TOTAL VALUE AT TEST		10,175,106	4.464307		549,184.34
Less Test Over 4% @ 7.1¢ per point		10,175,106	.464307	0.329658	33,543.05
TOTAL VALUE AT 4%		10,175,106	4.000000	5.067675	515,641.29
Less Producer-Settlement Fund Reserve		10,175,106		.047675	4,850.98
UNIFORM PRICE f.o.b. POOL PLANT		10,175,106	4.0	5.02	510,790.31

FEBRUARY 1958 MINIMUM PRODUCER PRICES CWT. f.o.b. CHATTANOOGA POOL PLANT (0-65 Miles)
 BUTTERFAT DIFFERENTIAL 7.1¢ PER POINT (Excludes Premium)

TEST	PRICE	TEST	PRICE	TEST	PRICE	TEST	PRICE	TEST	PRICE
3.0%	\$4.31	3.6%	\$4.736	4.2%	\$5.162	4.8%	\$5.588	5.4%	\$6.014
3.05	4.3455	3.65	4.7715	4.25	5.1975	4.85	5.6235	5.45	6.0495
3.1	4.381	3.7	4.807	4.3	5.233	4.9	5.659	5.5	6.085
3.15	4.4165	3.75	4.8425	4.35	5.2685	4.95	5.6945	5.55	6.1205
3.2	4.452	3.8	4.878	4.4	5.304	5.0	5.73	5.6	6.156
3.25	4.4875	3.85	4.9135	4.45	5.3395	5.05	5.7655	5.65	6.1915
3.3	4.523	3.9	4.949	4.5	5.375	5.1	5.801	5.7	6.227
3.35	4.5585	3.95	4.9845	4.55	5.4105	5.15	5.8365	5.75	6.2625
3.4	4.594	4.0	5.02	4.6	5.446	5.2	5.872	5.8	6.298
3.45	4.6295	4.05	5.0555	4.65	5.4815	5.25	5.9075	5.85	6.3335
3.5	4.665	4.1	5.091	4.7	5.517	5.3	5.943	5.9	6.369
3.55	4.7005	4.15	5.1265	4.75	5.5525	5.35	5.9785	5.95	6.4045

A COMPARISON BY POUNDS - SIZE OF PRODUCERS OF 1958 ANNOUNCED BASES
 COMPARED WITH 1957 ANNOUNCED BASES

Size - Pounds	Number of Producers			Size - Pounds	Number of Prod. (continued)		
	1957	1958	Diff.		1957	1958	Diff.
0- 99	28	24	- 4	700-799	34	55	+ 21
100-199	105	85	- 20	800-899	26	31	+ 5
200-299	165	147	- 18	900-999	15	18	+ 3
300-399	129	143	+ 14	1000-1499	32	38	+ 6
400-499	106	116	+ 10	1500-1999	8	9	+ 1
500-599	77	85	+ 8	Over-2000	5	6	+ 1
600-699	66	44	- 22	Total Prod.	796	801	+ 5

The 1958 daily average Announced Base was 386,911 lbs. This was an increase of 7.17% over the 1957 daily average Announced Base of 361,025 lbs.

ACTIVITIES OF CHECK TESTERS FEBRUARY 1958: Plant Scales checked 8; Plant calls 121; Samples tested - Composite 2,264, Fresh 3,937, Finished Products 313.

SUMMARY OF CHATTANOOGA MILK PRICES (4 PERCENT MILK)

Month	PRODUCER UNIFORM PRICES				HANDLER CLASS PRICES			
	Per hundredweight				Class I		Class II	
	Uniform	Base	Excess	Bf.Dif.	Cwt.	Bf. Dif.	Cwt.	Bf.Dif.
Feb.'57	\$4.90 <u>1</u>	-	-	7.1¢	\$5.36 <u>1</u>	7.7¢	\$3.24	6.8¢
Mar.	4.76 <u>2</u>	\$5.01 <u>1</u>	\$3.14	7.1	5.33	7.7	3.18	6.8
Apr.	4.55 <u>2</u>	4.90 <u>1</u>	3.09	7.1	5.28	7.7	3.13	6.8
May	4.54 <u>2</u>	4.88 <u>1</u>	3.07	7.1	5.28	7.7	3.11	6.8
June	4.55 <u>2</u>	4.82 <u>1</u>	3.04	7.1	5.28	7.7	3.08	6.8
July	4.69 <u>2</u>	4.96 <u>1</u>	3.00	7.1	5.28	7.7	3.04	6.8
Aug.	4.94 <u>1</u>	-	-	7.2	5.28	7.7	3.06	6.9
Sept.	4.98 <u>1</u>	-	-	7.3	5.29 <u>1</u>	7.7	3.61	7.0
Oct.	4.92 <u>1</u>	-	-	7.2	5.36 <u>1</u>	7.9	3.55	6.9
Nov.	5.06 <u>1</u>	-	-	7.1	5.30 <u>1</u>	7.8	3.53	6.8
Dec.	4.87 <u>1</u>	-	-	7.2	5.28 <u>1</u>	7.7	3.54	6.9
Jan.'58	4.94 <u>1</u>	-	-	7.1	5.29 <u>1</u>	7.8	3.56	6.8
Feb.	5.02 <u>1</u>	-	-	7.1	5.31 <u>1</u>	7.7	3.16	6.8
Mar.	-	-	-	-	5.32	7.7	-	-

SUMMARY OF PRICES USED IN DETERMINING CLASS PRICES

Month	AVERAGE QUOTATIONS				ALTERNATIVE FORMULAS				Highest or Basic Formula
	Cond.	Chi.92°	Chi.Area	Wisc.	(\$-cwt-4%)				
	Mid-West	Butter	Powders	Cheese	Cond.	Butter	Butter	4 Tenn.	
	\$-cwt-3.5%	¢ lb.	¢ lb.	¢ lb.	Mid-West	Cheese	Powder	Milk Mfg.	
Feb. '57	3.229	59.375	14.235	33.417	3.58	3.24	3.53	3.24	3.58
Mar.	3.171	59.375	14.230	33.534	3.53	3.24	3.53	3.18	3.53
Apr.	3.098	59.375	14.285	33.218	3.45	3.24	3.53	3.13	3.53
May	3.067	59.375	14.265	33.208	3.42	3.24	3.53	3.11	3.53
June	3.058	59.375	14.305	33.208	3.41	3.24	3.53	3.08	3.53
July	3.042	59.375	14.155	33.208	3.40	3.24	3.53	3.04	3.53
Aug.	3.062	59.597	14.275	33.208	3.42	3.25	3.54	3.06	3.54
Sept.	3.096	61.100	14.355	33.250	3.46	3.32	3.61	3.11	3.61
Oct.	3.135	59.815	14.410	33.250	3.50	3.26	3.55	3.14	3.55
Nov.	3.150	59.375	14.450	33.250	3.51	3.24	3.53	3.19	3.53
Dec.	3.146	59.685	14.475	33.250	3.51	3.25	3.54	3.21	3.54
Jan. '58	3.133	59.375	14.535	33.250	3.49	3.24	3.56	3.19	3.56
Feb.	3.110	59.375	14.460	33.250	3.47	3.24	3.53	3.16	3.53

SUMMARY OF RECEIPTS AND USE (DAILY AVERAGE)

SUMMARY OF RECEIPTS AND USE (DAILY AVERAGE)											
	GROSS POUNDS MILK ³ / ₄					Number		Deliveries Per			Prod.
	Gross	Prod.	Prod.	Base	Gross	of		Farm -- Pounds			Milk
Month	Cl. I	Cl. I	Rcpts.	Rcpts.	Rcpts.	Hdlr.Prod.		Prod.	Base	Exc.	Test%
Feb. '57	324,782	304,944	384,266	-	408,530	20	798	482	-	-	4.40
Mar.	317,192	298,741	399,102	345,439	421,610	20	794	503	435	68	4.36
Apr.	313,445	294,559	436,136	351,967	459,103	21	797	547	442	105	4.24
May	304,537	285,723	429,661	349,026	453,513	21	793	542	440	102	4.22
June	285,439	267,528	392,424	334,437	415,157	21	793	495	422	73	4.23
July	297,226	279,211	373,547	322,809	396,217	21	792	472	408	64	4.20
Aug.	323,309	304,631	355,094	-	379,066	21	806	441	-	-	4.19
Sept. ⁴ / ₄	335,146	316,740	376,370	-	401,147	21	811	464	-	-	4.29
Oct.	322,899	304,440	395,303	-	417,523	21	812	487	-	-	4.47
Nov.	361,585	344,230	389,488	-	410,882	21	811	480	-	-	4.49
Dec.	318,718	301,044	386,235	-	408,127	22	810	477	-	-	4.50
Jan. '58	334,105	316,521	386,539	-	407,478	22	804	480	-	-	4.48
Feb.	337,688	319,166	363,397	-	385,591	22	802	453	-	-	4.46

¹/ Excludes Premium²/ For statistics only³/ Other Source is Gross minus Producer; Class II is receipts minus Class I; Excess Receipts is Producer minus Base.⁴/ Audited figures through September 1957